

From:	Stan Sokolowski <ssokolowski@cifc.com>
To:	Stan Sokolowski <ssokolowski@cifc.com>
CC:	
Date:	Wed, 12/17/2014 7:43:11 PM
Subject:	Daily Update

Quote of the Day

“Whenever you find yourself on the side of the majority, it is time to pause and reflect.” – Mark Twain

- Where to begin? Fed day?, Russia?, Oil?, Emerging Markets?, F/X?, Greece?, European banks?, FedEx miss?, etc...etc...etc... Anyone remember Ebola?..... Investors are scrambling to adjust risk to a rapidly evolving landscape. Jitters are high and volatility is elevated as oil and equities experience large intra-day price swings (US equities saw 2% + up and down moves yesterday). I suspect there is more unwind pain lurking out there. Don't be surprised if we get a tape bomb that a hedge fund has imploded. The Fed is due to release their statement at 2pm today. The \$1tn question(s) is will they remove “considerable time” or won't they and do they care about financial market volatility?. We'll know more at 2pm. Oil is selling off again (\$54.51). The ruble is getting crushed (even as the Russian central bank took rates to 17.5%) and Russian CDS is blowing out. Russian banks are depleting their foreign currency reserves as the citizens look to preserve their wealth. SocGen dropped 7% yesterday (Russian bank exposure concerns?...). The smell of contagion is in the air and sentiment is negative (negative sentiment could start to be helpful as we enter the new year)..... The S&P is up 6.75% ytd but that came in third quarter. Leveraged Loans are outperforming High Yield Bonds this year too (+0.88% vs. -0.67%). Eminis: +14.5 10yr 2.07%
- Data: CPI in the US tumbled 0.3% MOM (vs. -0.1% exp). No inflation here (but probably energy related)
- Credit: Another ugly day in credit yesterday. Loans were down +/-1/2 and High Yield was off +/-5/8. We are starting off flat this morning but the bias is weak. One dealer is reporting multiple hits off opening runs (more mutual fund redemptions). Rick “the knife” Lam is reporting some stability. Calendar is light. Interestingly, \$700mm+ of OWICs hit the high yield market yesterday (I am trying to get more color) as well as two loan OWICs. Hmmmmmmmm.... From JPM this morning: \$220bn of HY bonds are trading below \$90. High-Yield Energy Bonds and Loans are down -11.6% and -9.7% MTD and -18.6% and -12.7% since the end of August. Returns for high-yield bonds are down -4.4% MTD, comparable to a -3.5% decline in Aug-11' when investors' odds of US recession had risen to ~30%. And aside from a 3-month stretch during the financial crisis (Sep-Nov 08') and Sept-01', these are the most severe losses for the HY asset class since the Russian default crisis in Aug-98 (HY bonds -5.7%, S&P -14.5%). Outflows still negative but pace slowing.

Forward Calendar		
Unlaunched	\$24,278.00	26 Deals
In Market	<u>\$10,532.50</u>	33 Deals
	\$34,810.50	59 Deals
Unlaunched		
Q1 EXP	\$3,260.00	5 Deals
Q2 EXP	\$600.00	1 Deals
2015 1st Half	\$3,265.00	3 Deals
Public Unknown	\$7,128.00	7 Deals
Private deals	<u>\$10,025.00</u>	10 Deals
TOTAL	\$24,278.00	26 Deals
In Market		
CIFC Committed	\$532.00	3 Deals
CIFC Working	\$4,695.00	10 Deals
CIFC Declined	<u>\$5,305.50</u>	20 Deals
TOTAL	\$10,532.50	33 Deals

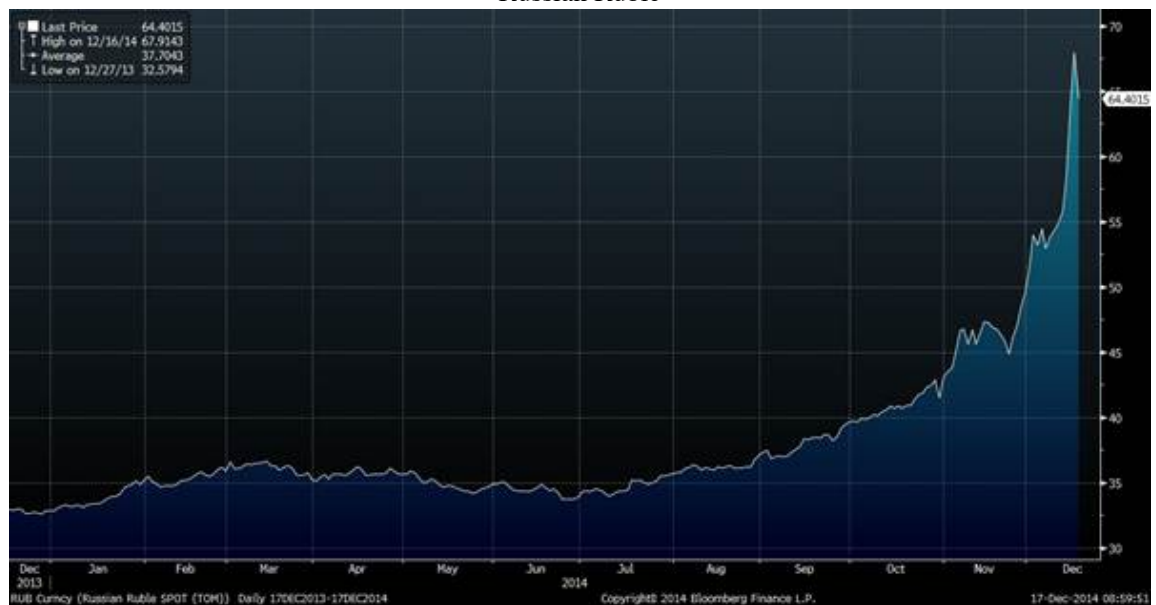
- Charts of the Day:



Oil



Russian Ruble



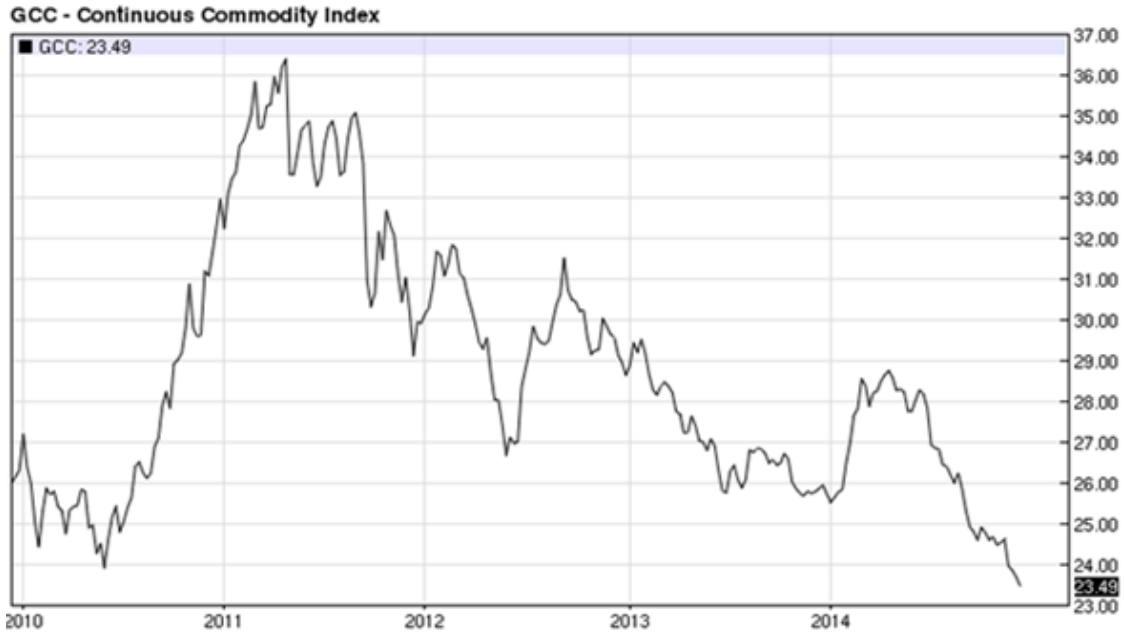
Russia 5yr CDS



Brazil Real (ZAR, TRY, IDR, etc, etc, etc.... all look the same too....)



Commodities



Break Even Inflation (lowest sine 2008)

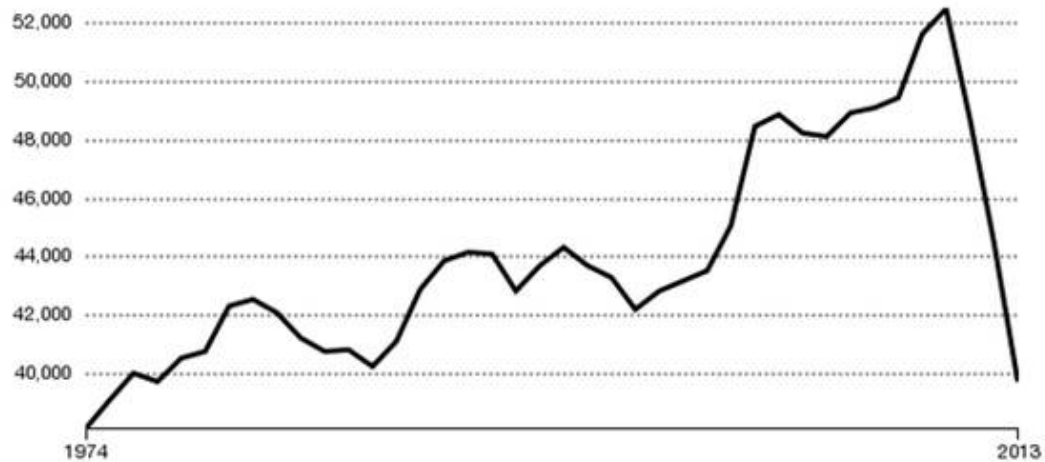


HSBC Flash China Manufacturing PMI



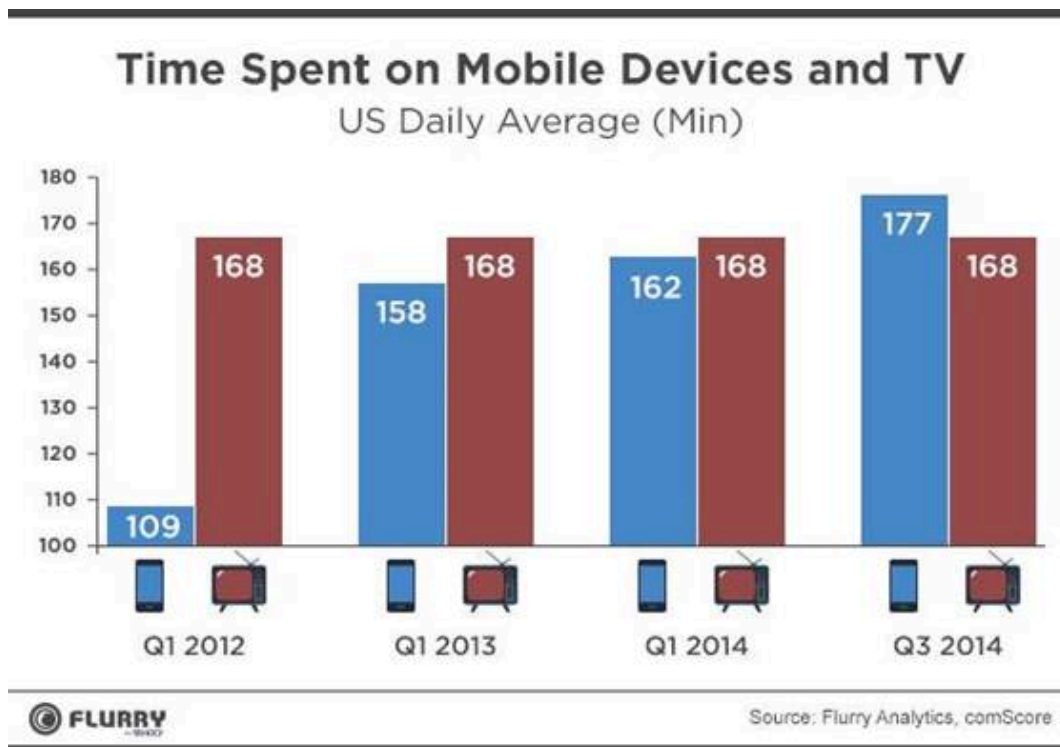
Empty Classrooms

First-year law school enrollment



- Other:

- Russia on the verge of insolvency http://www.wsj.com/articles/scant-u-s-hope-for-russian-reversal-1418777027?mod=wsj_nview_latest
- My kids would skew this chart....:



- HY: 104 ½ (+1/2)
- IG: 72 ½ (-3 ½) ppppppaaaaaiiiiiinnnnn
- CSLLI: -2.10% mtd / 1.03% ytd

Stan Sokolowski
 Senior Portfolio Manager, Head of Portfolio
 Management and Trading
CIFC Asset Management LLC
 250 Park Avenue, 4th Floor | New York, NY 10177
 ☎ (D) +1 212.624.0931 | (C) +1 203.918.3022
 ✉ ssokolowski@cifc.com | www.cifc.com

This communication and any files transmitted with it are confidential and intended only for the specified addressee. If you have received this communication in error, please immediately notify us and delete the communication from your system. This communication and any files transmitted with it are for informational purposes only and should not be construed as establishing any binding legal obligation on the part of CIFIC Asset Management LLC or its affiliates (CIFIC). If this communication contains any investment advice, such advice is qualified in its entirety by the relevant disclosure documents for CIFIC and the investment products it manages, including the risk of loss disclosures in such documents.